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Te Tari Kaupapa Whare

Building and Housing Trends: January – March 2006



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Introduction

This is the ninth report on building and housing developments, and covers the period from 1 January 2006 to 31 March 2006. This publication was originally known as *Building Industry Trends* and was renamed to *Building and Housing Trends* in the September 2005 quarter to recognise the increased coverage of the publication. In this current issue, a section on social housing assistance has been added to provide a more comprehensive description of the housing sector in New Zealand.

The *Building and Housing Trends* publication is based on a combination of accessible information and forecasts from government agencies, the Real Estate Institute of New Zealand, Quotable Value Limited and Housing New Zealand Corporation, as well as information and indicative statistics developed by the Department of Building and Housing (the Department) from administrative databases and other internal information. It has been prepared in line with the Department's strategy to build and enable access to sector-related information and knowledge.

Executive summary

After several years of strong growth, economic activity weakened in the later part of 2005. The annual average real gross domestic product (real GDP) growth was 2.2 percent in the March 2006 quarter, down from the 3.7 percent increase in the year to the March quarter 2005. In its June Monetary Policy Statement, the Reserve Bank forecast modest growth in 2006 and a rebalancing of economic activity away from domestic activity towards net exports.

March 2007 and 2008 are expected to be years of consolidation for much of the building and construction industry.

Some of the developments in the building and housing sectors since the last report are as follows.

Building and construction activity

Annual construction industry contributions to GDP grew a little more slowly than the rest of the economy at 2.1 percent for the year ending March 2006.

Residential building trends

- The number of new dwelling consents has been oscillating on a downward trend since early 2004. About half of the decline since 2004 has been due to a fall in apartment consents.
- The number of residential building consents is currently around the levels reached in 2003 as the cost of building offset the declines in numbers.
- The number of apartment consents is more volatile than the number of consents for dwellings in general. The numbers of apartment consents fell by around 44 percent between the March 2005 year and March 2006 year. Wellington and Auckland apartment consent numbers have been volatile in recent years.
- The Reserve Bank in its June 2006 Monetary Policy Statement expects declines in real fixed residential investment of 5.6 percent in the 2006 March year and 2.3 percent in the 2007 March year.

Non-residential building trends

- According to Statistics New Zealand, the trend value of non-residential building consents increased until September 2005 and has declined since then by 11.9 percent. However, consent values are at a relatively high level, which we consider is the result of higher building costs.
- The decline in consents seen in recent months is not yet visible in statistics for real non residential work put-in-place, but would be expected to affect statistics towards the end of the year.

Other construction (eg, roads and infrastructure)

- The value of other construction consents issued through the building consent process grew rapidly by 23.2 percent during the year ended March 2006.
- Government spending on infrastructure is an important component of other construction. The Reserve Bank expects government spending on fixed assets to increase by 19.9 percent

in the 2006 March year, fall by 6.6 percent in the 2007 March year and fall by 7.7 percent in the 2008 March year.

Employment in the construction industry

- The Quarterly Household Labour Force Survey shows the number of people employed in the construction industry increased significantly by 5.6 percent from the December 2005 quarter to 175,200 people in the March 2006 quarter.
- The Department of Labour's monthly Building Trade Vacancy Index measures the change in advertised vacancies for building trade occupations over time. The index declined rapidly from March 2005 to June 2005, and has been fairly steady at a lower level since then. The fall in the number of advertised vacancies for building trade staff indicates recruitment conditions may have eased for employers over this period.

The housing market

The housing market has slowed in response to weaker GDP growth, a cooling of the previously tight labour market and a decline in consumer confidence. It now takes longer to sell a house and there were fewer sales in calendar year 2005 than calendar year 2004.

Social housing assistance

The amount of government contribution to social housing assistance has increased from \$252 million in the December 2002 quarter to \$311 million in the December 2005 quarter. The rate of increase has accelerated in recent years. The December 2004 annual quarter-on-quarter increase in assistance was 7.6 percent. The equivalent 2005 increase was 9.9 percent.

Building and construction costs

- In the year to the March 2006 quarter, residential building costs increased by 5.9 percent, non-residential costs increased by 4.5 percent, and costs for other construction such as roads and infrastructure increased by 6 percent. These increases continue higher than for general inflation as measured by the Consumer Price Index, which is 3.3 percent per annum.
- According to the Labour Cost Index, wage and salary rates of people employed in the construction industry increased by 4.1 percent from the March 2005 quarter to the March 2006 quarter. In comparison, the wage and salary rates for the whole economy increased by 3 percent for the same period.

Costs of renting and homeownership

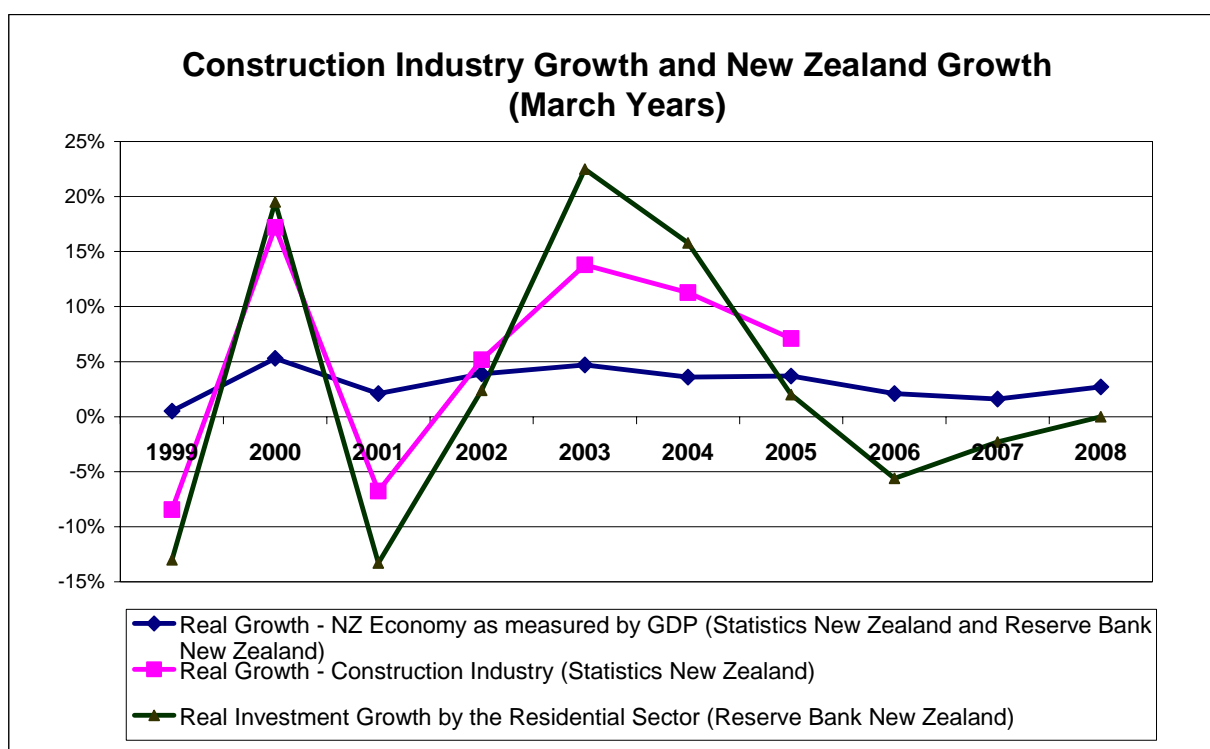
The Consumer Price Index indicates that rents increased by 2.2 percent and the cost of homeownership increased by 6.6 percent in the year to the March 2006 quarter.

Economic growth and industry outputs

After several years of strong growth, economic activity weakened in the later part of 2005. The annual average real gross domestic product (real GDP) growth was 2.2 percent in the March 2006 quarter, down from a 3.7 percent increase in the March 2005 quarter. The Reserve Bank forecast only modest growth in 2006 and a rebalancing of economic activity away from domestic activity towards net exports, according to its June 2006 Monetary Policy Statement.

The Bank foresees a period of declining residential investment. Relatively low net immigration and rising average mortgage rates will continue to weigh on residential investment in the short term. The Bank expects business investment to contract, but most of this contraction is forecast to be in plant and machinery, while non-residential building will remain relatively robust. Government spending on infrastructure (other construction) increased rapidly in the March 2006 year, and spending is forecast to fall back in the March 2007 and 2008 years. Overall, according to the Reserve Bank forecasts, March 2007 and 2008 will be years of consolidation for much of the building and construction industry.

Figure 1: Construction industry growth and New Zealand growth (March years)



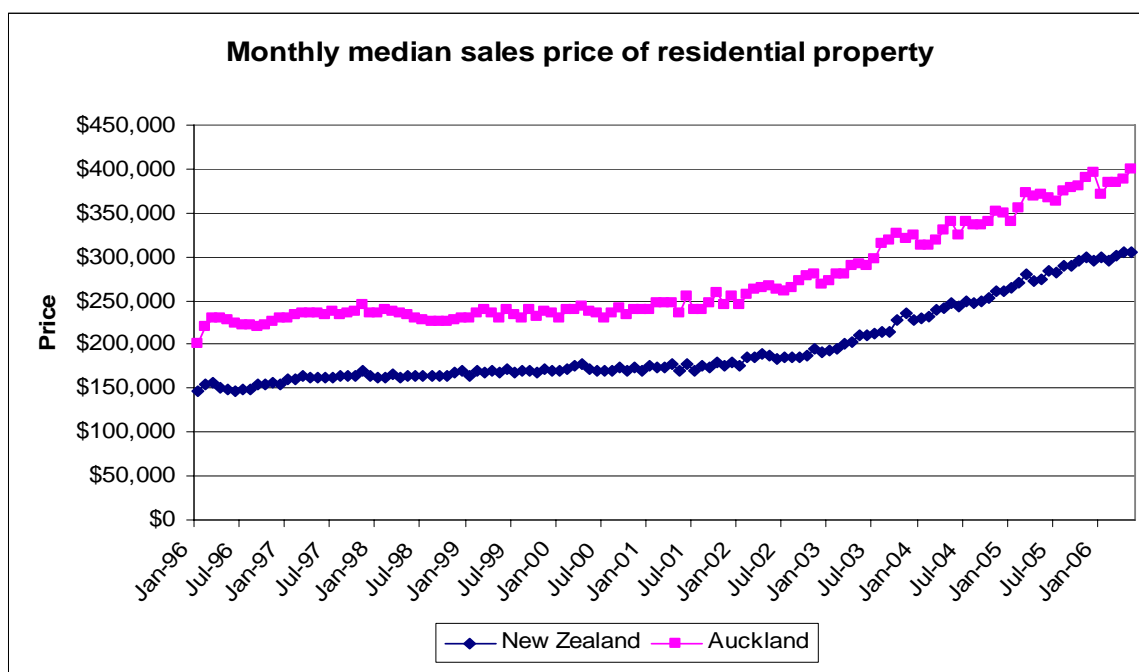
Source: Reserve Bank and Statistics New Zealand

The housing market

Sales price

The housing market is still robust but has slowed in response to factors such as weaker GDP growth, an easing of the previously tight labour market and a decline in consumer confidence. Median house prices have been close to stable since November 2005. Before then they were rising swiftly.

Figure 2: Monthly median sale price of residential property

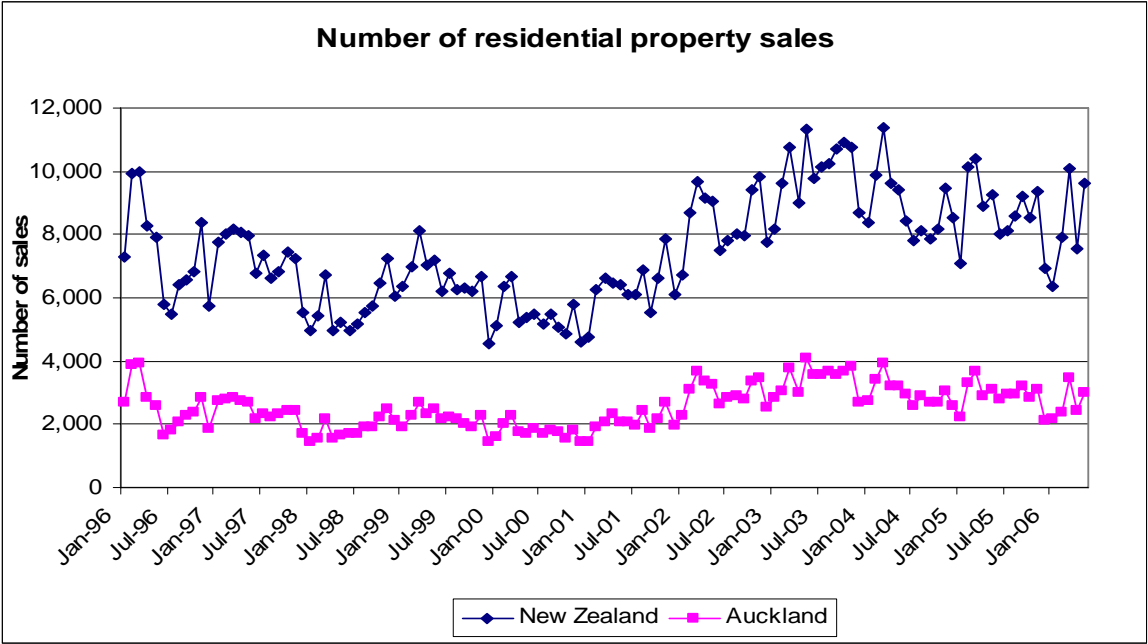


Source: Real Estate Institute of New Zealand

Sales volume

The residential sales volume in New Zealand began to increase in late 2001 and reached a peak of approximately 11,000 monthly sales in 2003 and early 2004 (REINZ) (Figure 3).¹ The monthly sales volume has since decreased slowly. The volume of dwelling sales is lower than a year ago and now stands between 6000 and 10,000 a month. This volume of sales is still significantly higher than the 4000 to 6000 sales a month typically experienced in 2000 (Figure 3).

Figure 3: Number of residential property sales



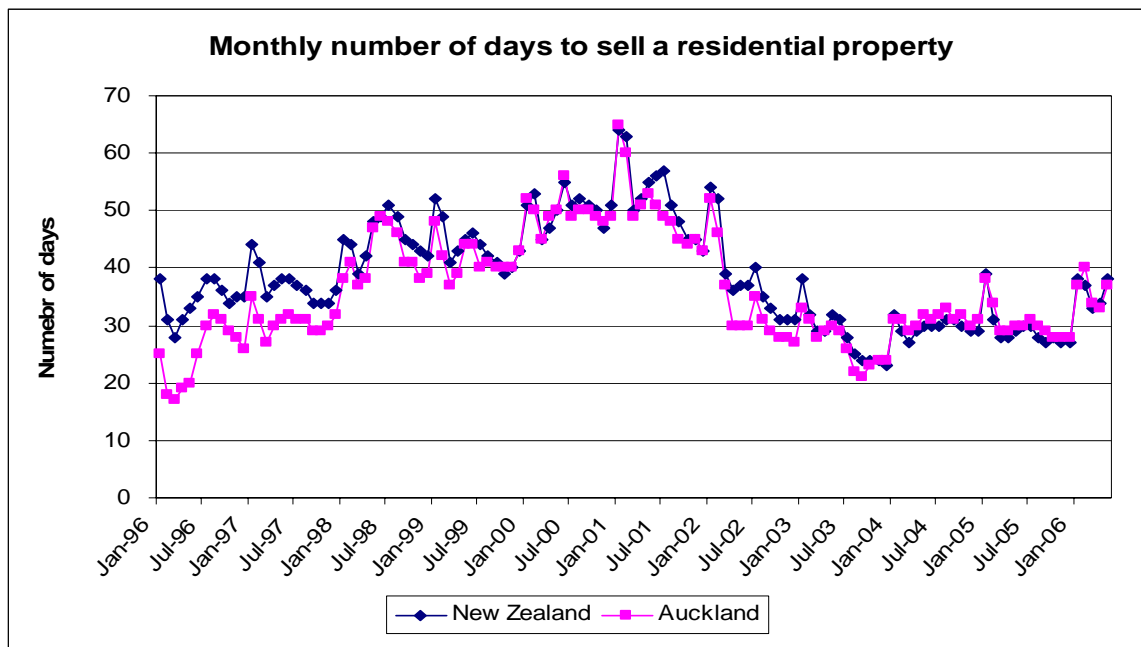
Source: Real Estate Institute of New Zealand

¹ REINZ sales volume figures used here are based on actual sales reported by sales agent and are taken as of the date when a transaction becomes unconditional.

Days to sell

The number of days to sell a house declined from 2001 to a low of 23 days in December 2003. The number of days to sell a house has increased since then. It took 38 days to sell a house in May 2006 (Figure 4).

Figure 4: Monthly number of days to sell a residential property



Source: Real Estate Institute of New Zealand

Social housing assistance

There are two primary methods² by which the Government helps low-income families afford housing.

- The Accommodation Supplement (AS), which is available through the Ministry of Social Development for people in private accommodation who meet income, asset and other criteria. The recipients can then use this supplement to partly offset the cost of their rent, mortgage or board.
- An Income-Related Rent subsidy (IRR), which is paid to Housing New Zealand Corporation so that they may subsidise the rent of Corporation tenants on low incomes.³ A tenant in a Housing New Zealand home is required to pay no more than 25 percent of their total household income in rent if their income is below a set amount. The IRR subsidy

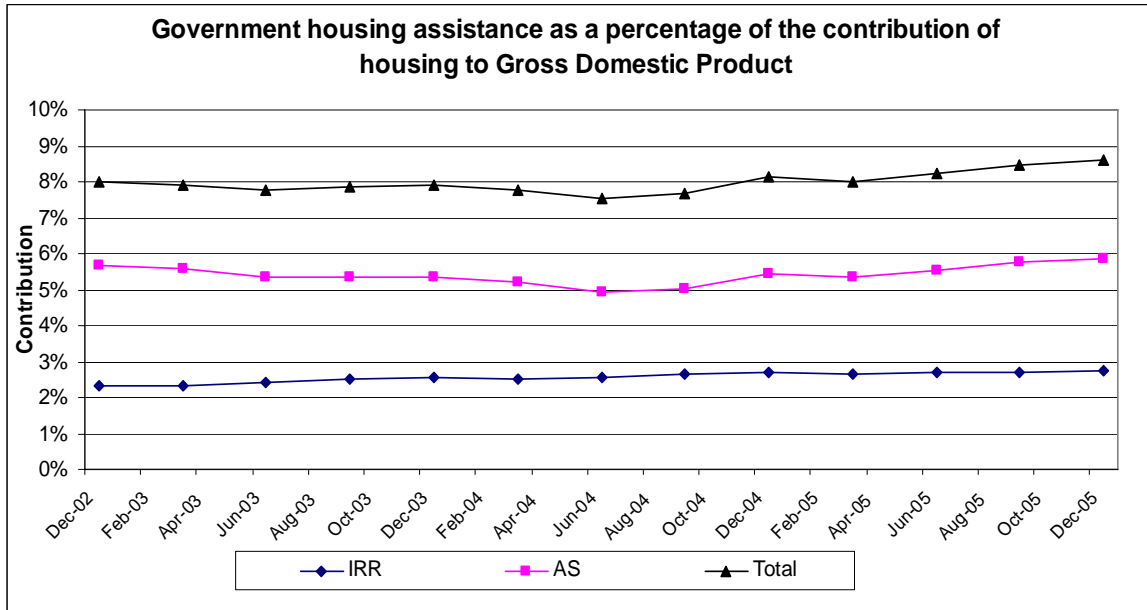
² Note that there are a variety of homeownership assistance programmes such as Welcome Home Loans that are not considered as part of these statistics. This is because they are relatively small compared to the AS and the IRR and they are focused on homeownership rather than rent relief.

³ Low-income means up to the single living-alone rate of New Zealand Superannuation, after tax, for single tenants and up to the married couple rate of New Zealand Superannuation, after tax, for all other tenants.

compensates Housing New Zealand for the difference in the rent paid and estimated market rent for the property.

Figure 5 shows the Government’s expenditure on social housing assistance as a percentage of the housing sector’s contribution to GDP from the quarter ending December 2002 to the quarter ending December 2005. The levels of assistance as a proportion of GDP have risen from 8 percent at the end of 2002 to approximately 8.5 percent at the end of 2005, mainly as a result of an increase in the Accommodation Supplement amounts.

Figure 5: Government housing assistance as a percentage of the contribution of housing to gross domestic product



Source: Department of Building and Housing, Housing New Zealand Corporation, Ministry of Social Development and Statistics New Zealand

The Government contribution to social housing assistance from the quarter ending December 2002 to the quarter ending December 2005 is outlined in Table 1 below. There has been an increase in the number of Housing New Zealand tenants paying subsidised rent (Income-Related Rents) during the last 2 years. Also, 2005 saw a relatively rapid increase in Accommodation Supplement payments following the introduction of the Working for Families package in October 2005.

Table 1: Government housing assistance⁴

Quarter	\$ millions			Annual percentage change
	Income-Related Rent	Accommodation Supplement	Total	
Dec-02	\$ 73	\$ 178	\$ 252	-
Mar-03	\$ 74	\$ 177	\$ 251	-
Jun-03	\$ 79	\$ 173	\$ 252	-
Sep-03	\$ 83	\$ 177	\$ 259	-
Dec-03	\$ 85	\$ 178	\$ 263	4.63%
Mar-04	\$ 86	\$ 177	\$ 263	4.70%
Jun-04	\$ 89	\$ 170	\$ 258	2.60%
Sep-04	\$ 92	\$ 174	\$ 265	2.17%
Dec-04	\$ 93	\$ 190	\$ 283	7.55%
Mar-05	\$ 93	\$ 189	\$ 282	7.03%
Jun-05	\$ 95	\$ 198	\$ 293	13.45%
Sep-05	\$ 98	\$ 207	\$ 305	15.03%
Dec-05	\$ 99	\$ 212	\$ 311	9.87%

Source: Income-Related Rent – Housing New Zealand Corporation; Accommodation Supplement – Ministry of Social Development

The number of households with higher levels of need waiting for Housing New Zealand dwellings has declined gradually since early 2004 (Figure 6). Priority on the waiting list for Corporation housing is divided into four groups that reflect different levels of need.⁵

⁴ The figures used are rounded to the nearest whole number and annual percentage change is calculated using the original figures before rounding. This may result in the annual percentage change disagreeing, slightly, with the calculations using rounded figures in the table.

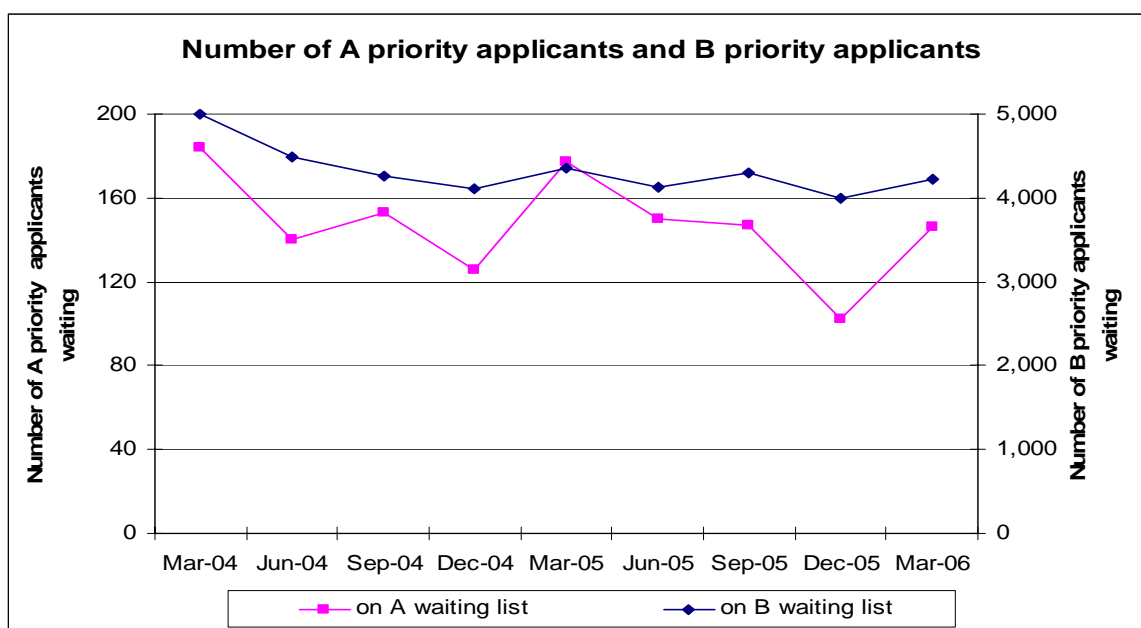
⁵ Source: Housing New Zealand Corporation.

- An A-priority household has severe and persistent housing needs that must be addressed immediately. The household's wellbeing is severely affected or seriously at risk by housing circumstances that are unsuitable, inadequate or unsustainable and there is an immediate need for action. The household is unable to access or afford suitable, adequate and sustainable housing without state intervention.
- A B-priority household has a significant and persistent housing need. The household's wellbeing is affected in a significant and persistent way by housing circumstances that are unsuitable, inadequate or unsustainable. The household is unlikely in the near future, to be able to access or afford suitable, adequate and sustainable housing without state intervention.
- C- and D-priority waiting lists are for households with low to moderate housing need.

The following factors are used to determine housing needs :

- Affordability – The relationship between income and current housing costs.
- Adequacy – The house's physical condition and structure.
- Suitability – House size in terms of occupants and overcrowding.
- Accessibility – The applicant's ability to access housing in the private sector market, taking discrimination into account.
- Sustainability – The ability to sustain housing in the private sector market.

Figure 6: Number of households waiting for a Housing New Zealand dwelling (A and B priority applicants)



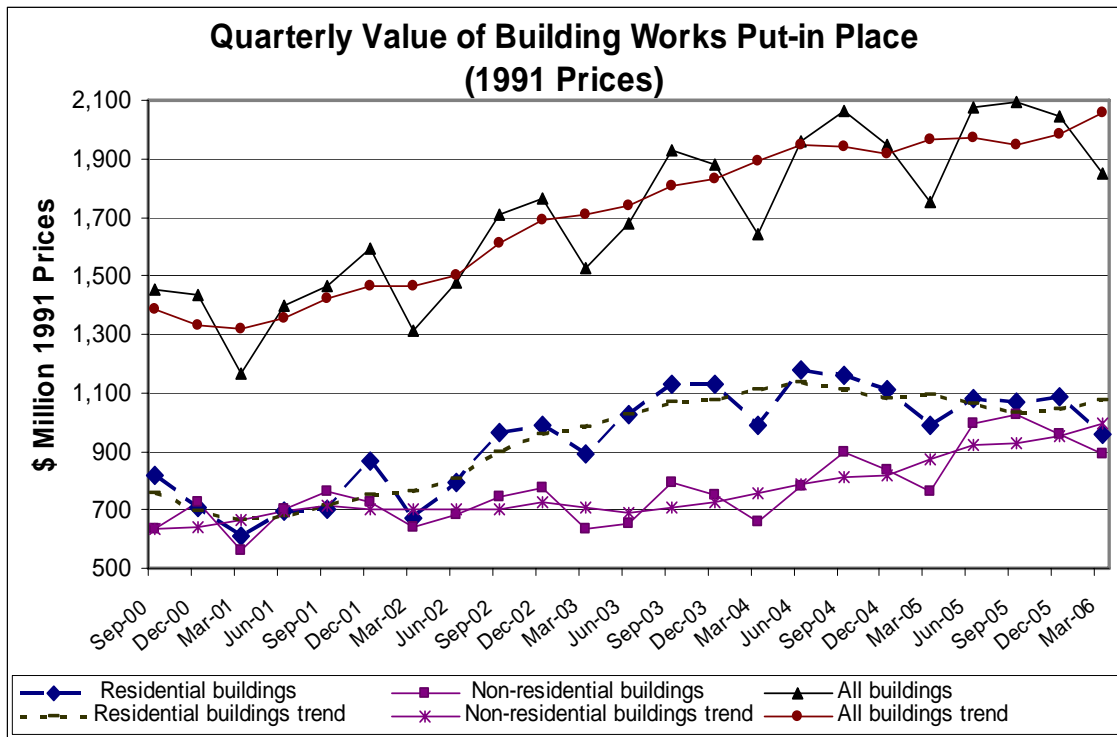
Source: Housing New Zealand

Sectoral analysis

All building activity

The real value of all surveyed building work put-in-place grew by 5.7 percent from the March 2005 quarter to the March 2006 quarter. The trend for the real value of all building work put-in-place shows increases in the last two quarters.

Figure 7: Quarterly value of building work put-in-place (1991 prices)

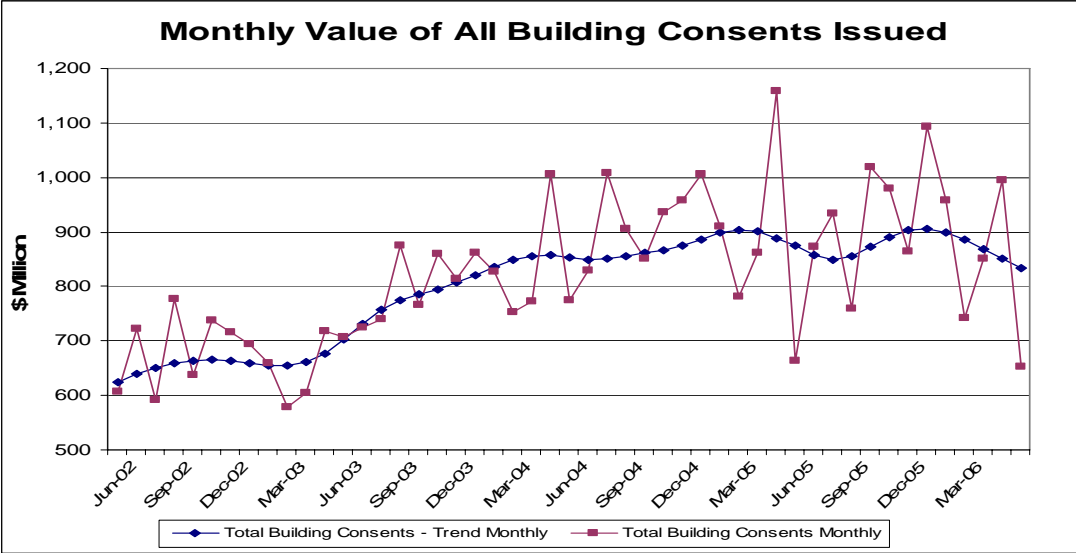


Source: Statistics New Zealand

The monthly value of all building consents has been falling since December 2005. The consent statistics are indicators of future building activity. The downturn in recent times may be translated into flat or somewhat lower building activity towards the end of the year.

Despite the downward trend, the value of consents remains at high levels.

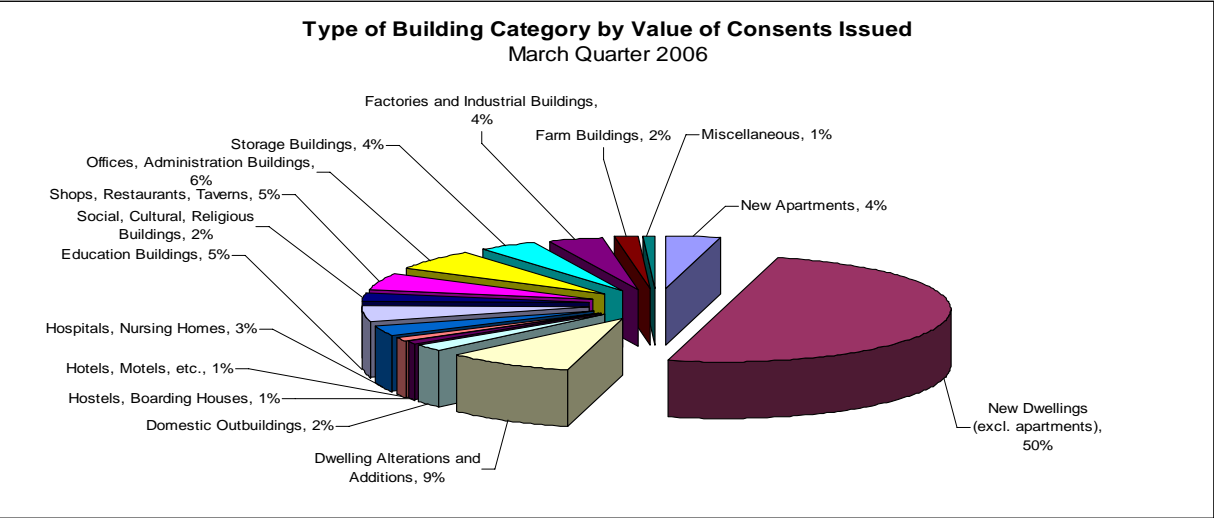
Figure 8: Monthly value of all building consents issued



Source: Statistics New Zealand

The following is a breakdown of consents for each building category in the March 2006 quarter. The value of new apartments as a proportion of the value of total building consents has declined recently to 4 percent of the total consent value for the March 2006 quarter. This is down from 6 percent in the March 2005 quarter and 8 percent in the March 2004 quarter.

Figure 9: Type of building category by value of consents issued, March quarter 2006

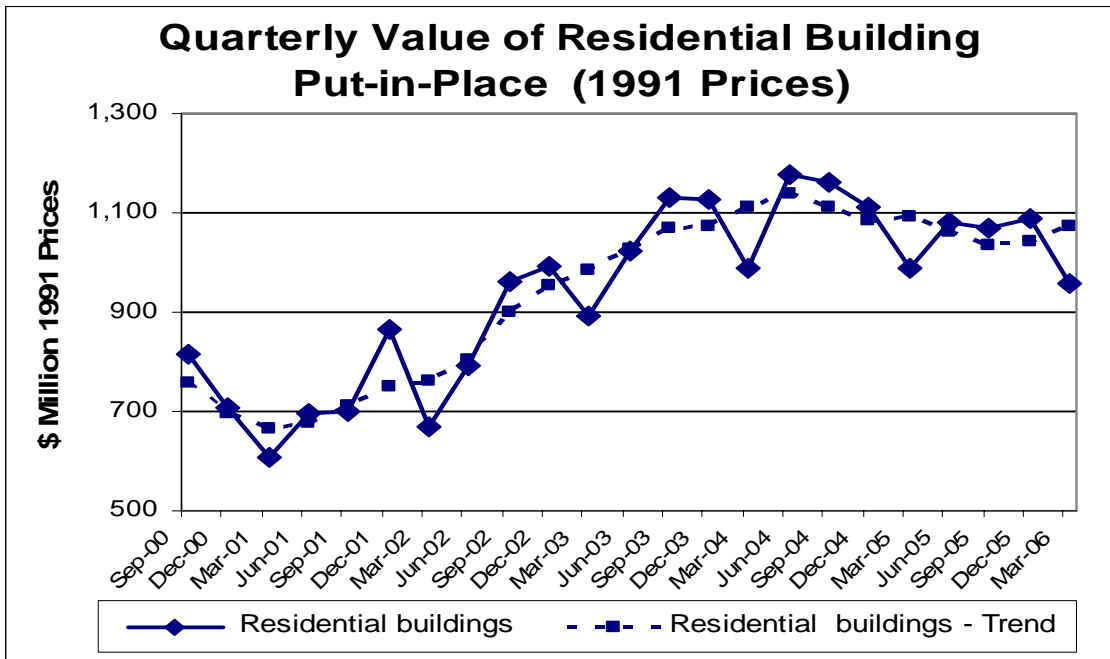


Source: Statistics New Zealand

Residential construction

The real value of residential building stabilised in 2004 and began to fall in 2005 (Figure 10). Although the trend shows an increase in the last two quarters, the real value of surveyed residential building work put-in-place in the March 2006 quarter is 3.1 percent lower than it was a year ago.

Figure 10: Quarterly value of residential building put-in-place (1991 prices)

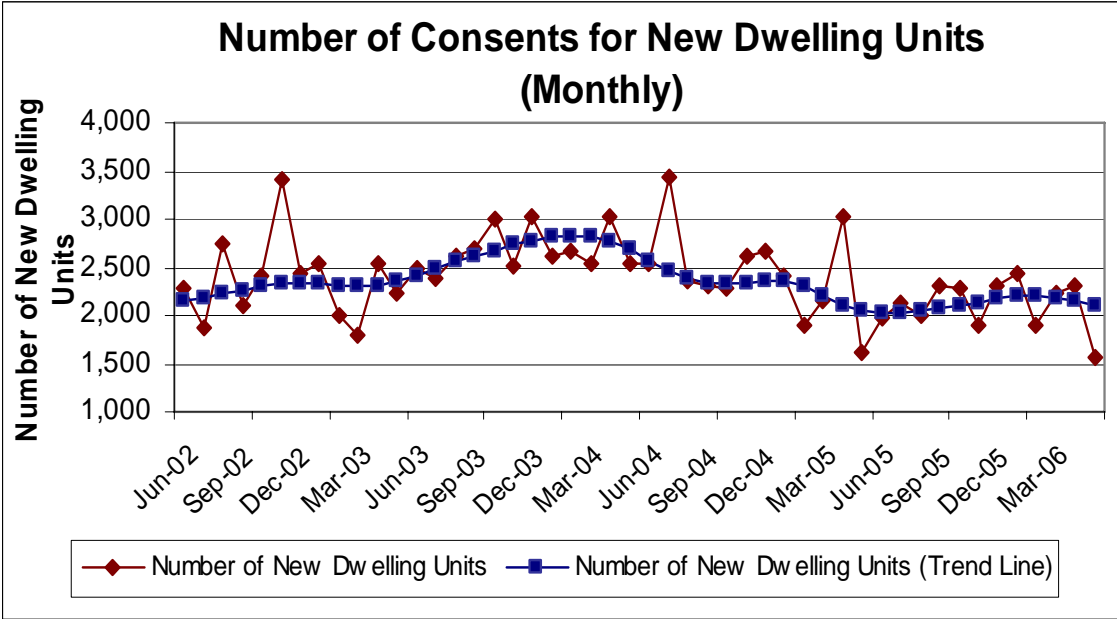


Source: Statistics New Zealand

The real value of residential building work put-in-place has lagged behind the decline in the number of new dwelling consents issued, which began a downward trend in February 2004 (Figure 11).

The decline in consents has been relatively gradual from a high peak of 32,134 new dwelling consents for the year ending April 2004 to a more normal number of 25,347 in the year ending April 2006. The trend volume of new dwelling consents in the April 2006 quarter is comparable with the consent numbers experienced in late 2002.

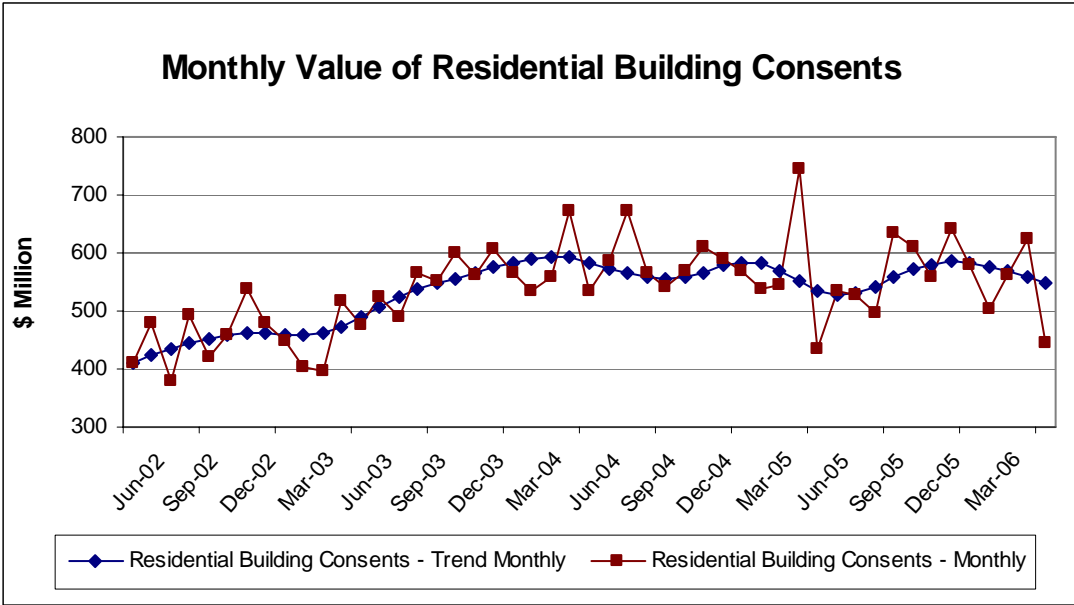
Figure 11: Number of consents for new dwelling units (monthly)



Source: Statistics New Zealand

The trend series in Figure 12 shows the value of residential building consents increased steadily during the second half of 2005 as higher building costs inflated the cost of building new dwellings. This reversed in 2006 and the value of residential building consents declined along with a fall in dwelling consent numbers and an increase in building cost.

Figure 12: Monthly value of residential building consents



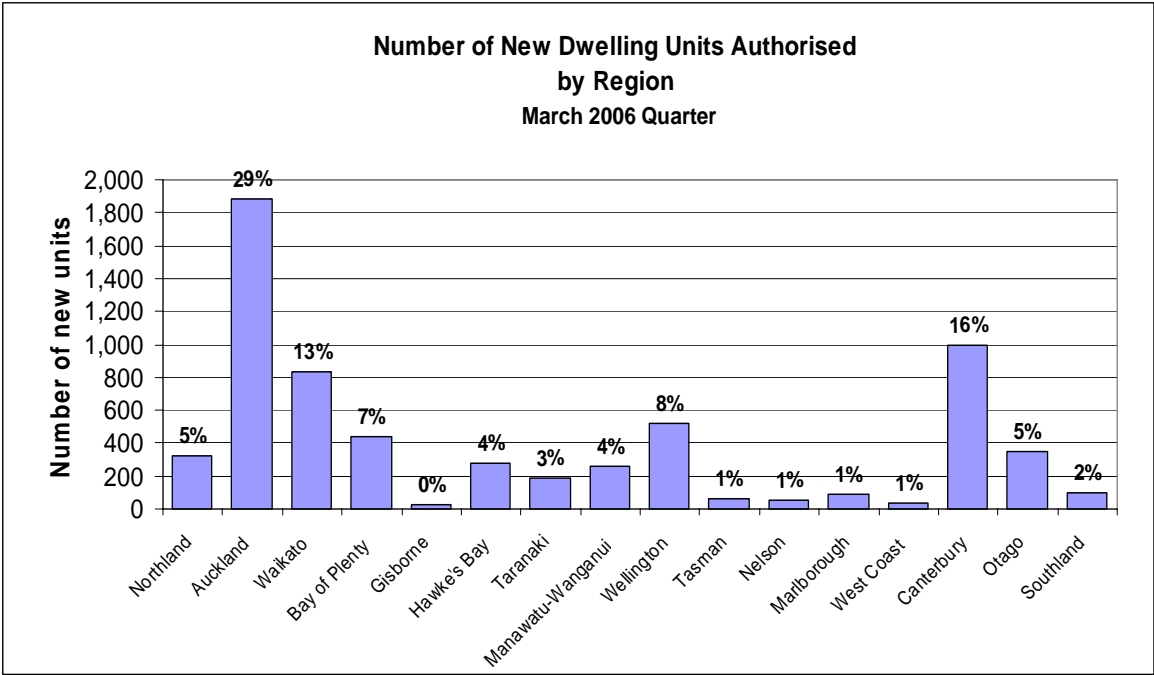
Source: Statistics New Zealand

Consistent with lower consent numbers this quarter, the Reserve Bank expects continued declines in real fixed residential investment. The Bank is picking a real fall of 5.6 percent in the 2006 March year, 2.3 percent in the 2007 March year and no change in the 2008 March year.

New dwelling construction across regions

The distribution of new dwelling consents varies across different regions in the country. The regions that experienced decreases from the March 2005 quarter to March 2006 quarter were Auckland (-5 percent), Canterbury (-2 percent), Wellington (-1 percent) and the Bay of Plenty (-1 percent). The regions with increases in the rate of new dwellings include Waikato (2 percent), Hawke’s Bay (2 percent), Northland (1 percent), Taranaki (1 percent), Manawatu-Wanganui (1 percent), Otago (1 percent) and Southland (1 percent).

Figure 13: Number of new dwelling units authorised by region (March 2006 quarter)

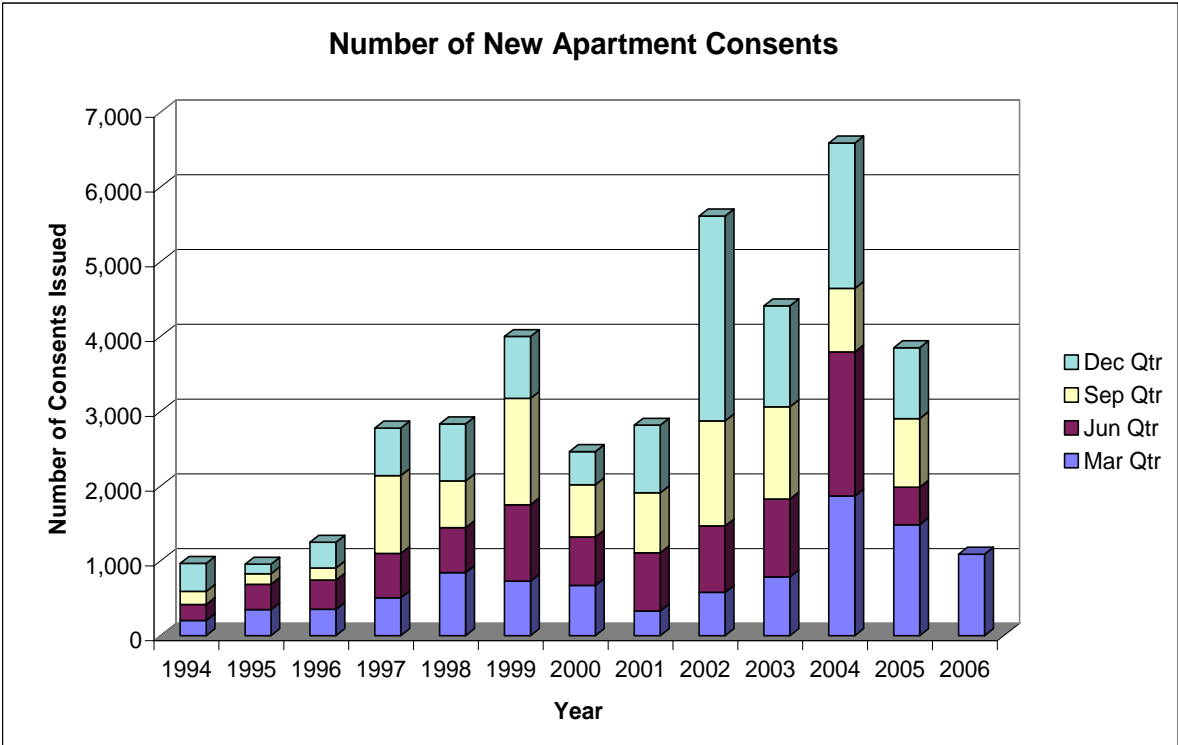


Source: Statistics New Zealand

Apartment consents

The number of apartment consents reached a peak of 6586 in the calendar year 2004 before receding to a lower level of 3849 in calendar year 2005. In the year to March 2006, a further decline was recorded to 3456.

Figure 14: Number of new apartment consents

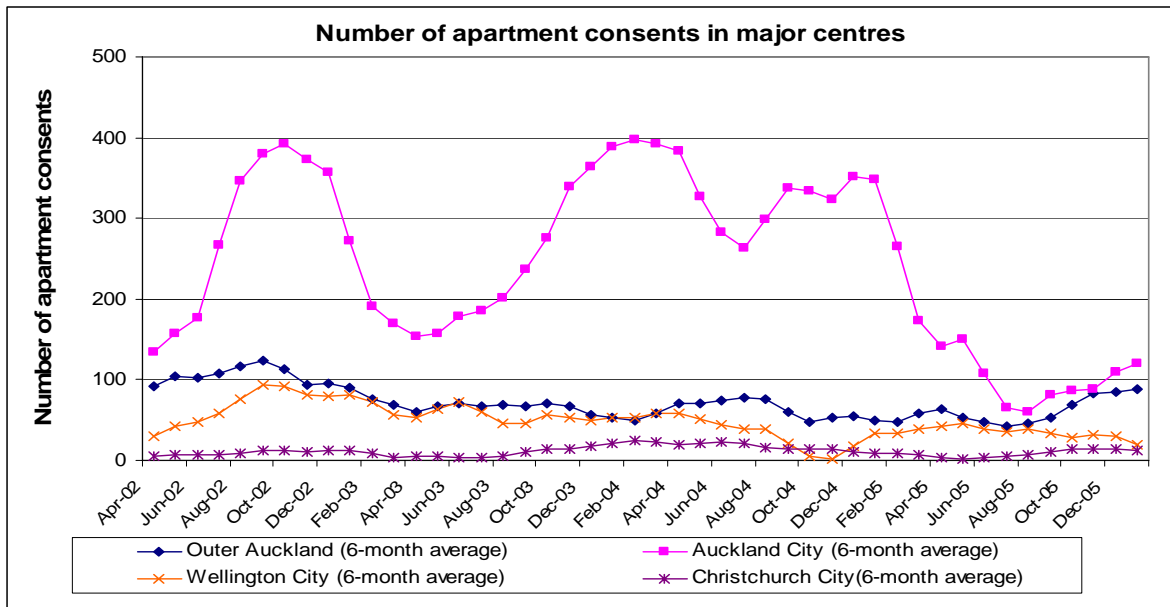


Source: Statistics New Zealand

Apartment consent numbers have been highly volatile in Auckland and Wellington cities in recent years (Figure 15), but fluctuated within a narrower band in outer Auckland (comprising Rodney District, North Shore, Manukau, Waitakere, Papakura and Franklin) and Christchurch.

Auckland city had high numbers of apartment consents in 2002 and 2004. The apartment consent numbers in Auckland City fell quickly and reached a trough in mid-2005. Wellington, in contrast, has seen a decline in apartment consent numbers in recent months.

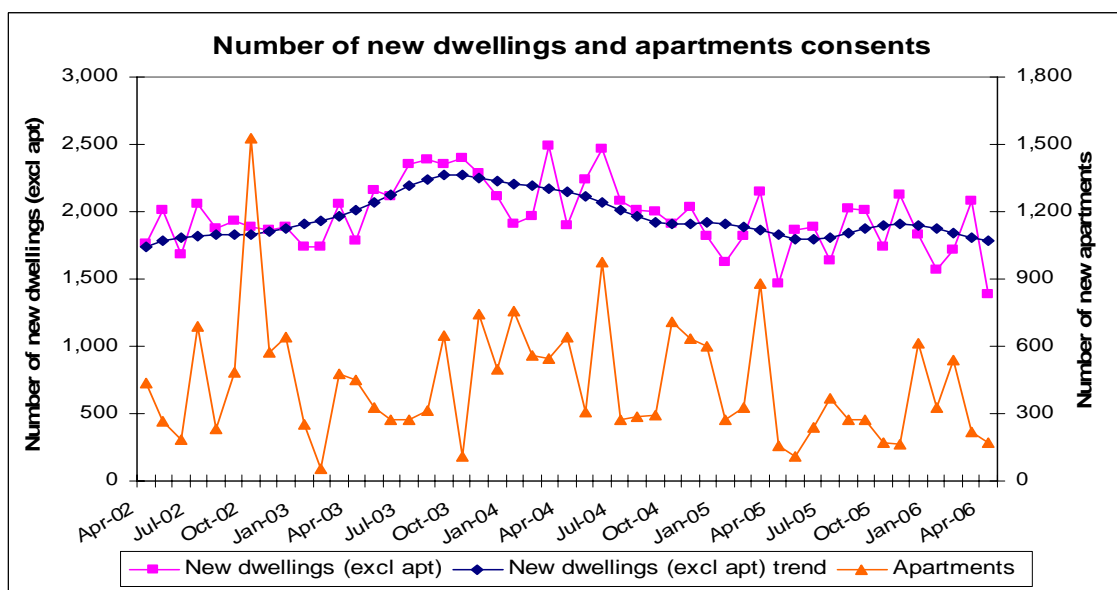
Figure 15: Number of apartment consents in major centres



Source: Statistics New Zealand

Apartment building consents contributed 2737 units or 50.7 percent of an overall decline in annual dwelling consents during 2004 and 2005 (Figure 16). Since July 2005, the non-apartment dwelling consent numbers have been oscillating around an annual rate of 22,000. In recent months, apartment numbers in the Auckland region appear to have begun recovering (Figure 15). If this trend continues, the number of dwelling consents issued may tend to stabilise.

Figure 16: Number of new dwelling and apartment consents

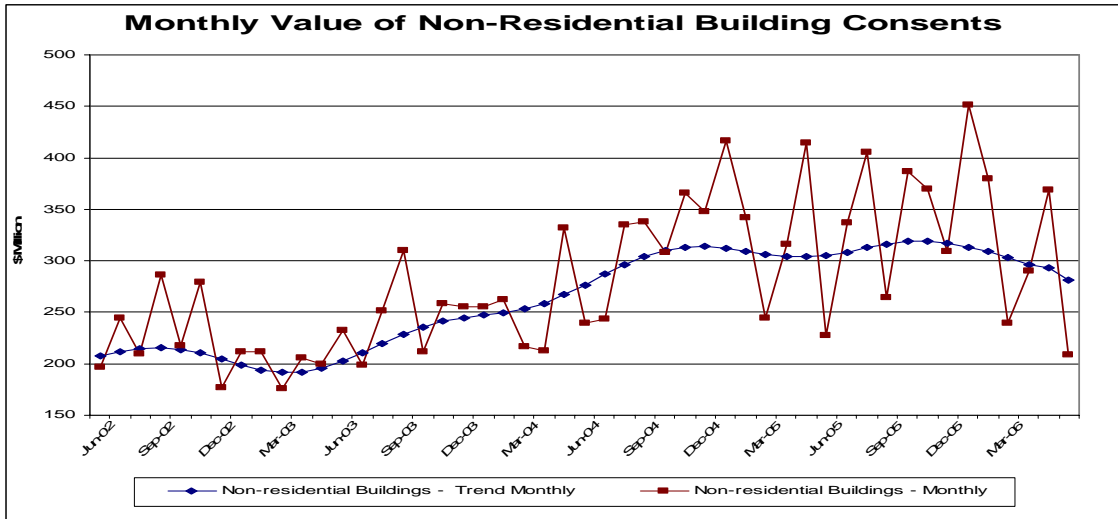


Source: Statistics New Zealand

Non-residential construction

The trend value of non-residential building consents has decreased since September 2005 (Figure 17). However, the consent values are still at relatively high levels.

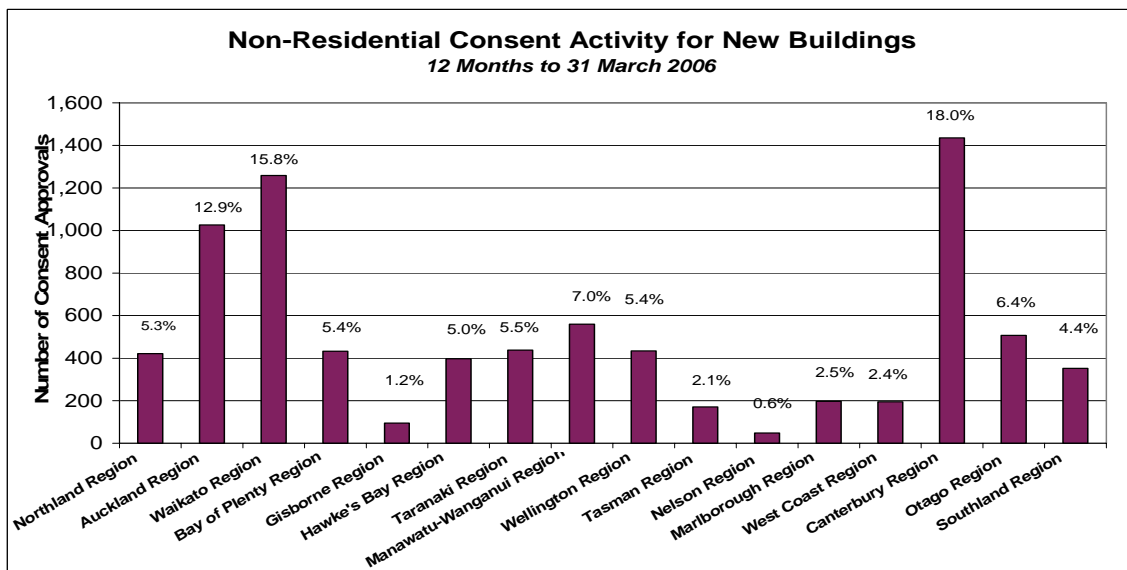
Figure 17: Monthly value of non-residential building consents



Source: Statistics New Zealand

The relative share of non-residential consent numbers remained fairly constant across different regions in the country during the year to the March quarter 2006. However, marginal declines were recorded for the Northland region (1 percent), Auckland region (2 percent) and the Bay of Plenty (1 percent). In comparison, the relative share of non-residential consents went up in Waikato (1 percent), Hawke's Bay (1 percent) and Canterbury (1 percent).

Figure 18: Non-residential consents for new buildings in the year ended March 2006



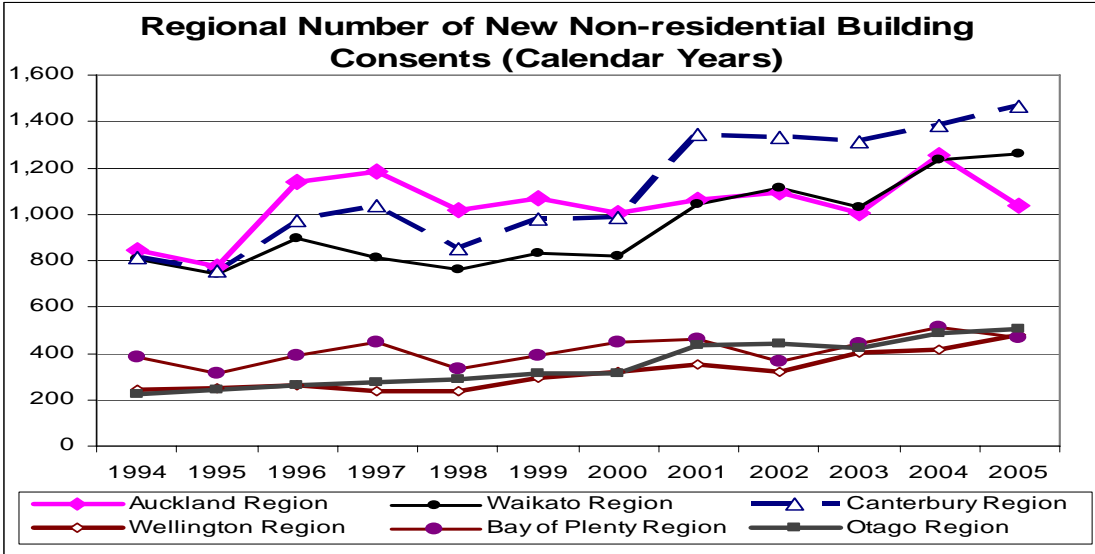
Source: Statistics New Zealand

The main regions that experienced an increase in numbers of non-residential consents from 2004 to 2005 were Waikato, Wellington, Canterbury and Otago. Consents issued fell in Auckland and the Bay of Plenty for the same period.

Non-residential consent numbers are growing strongly in the Canterbury and Waikato regions. Over the last decade, consent numbers have been stable in the Auckland region even though the population has increased significantly. Stable consent numbers in Auckland could be due to an increase in the average size of single consents.

Canterbury has overtaken the Auckland region in terms of the number of non-residential consents issued since 2001. Wellington has also enjoyed strong growth in consent numbers since 2003.

Figure 19: Regional number of new non-residential building consents (calendar years)

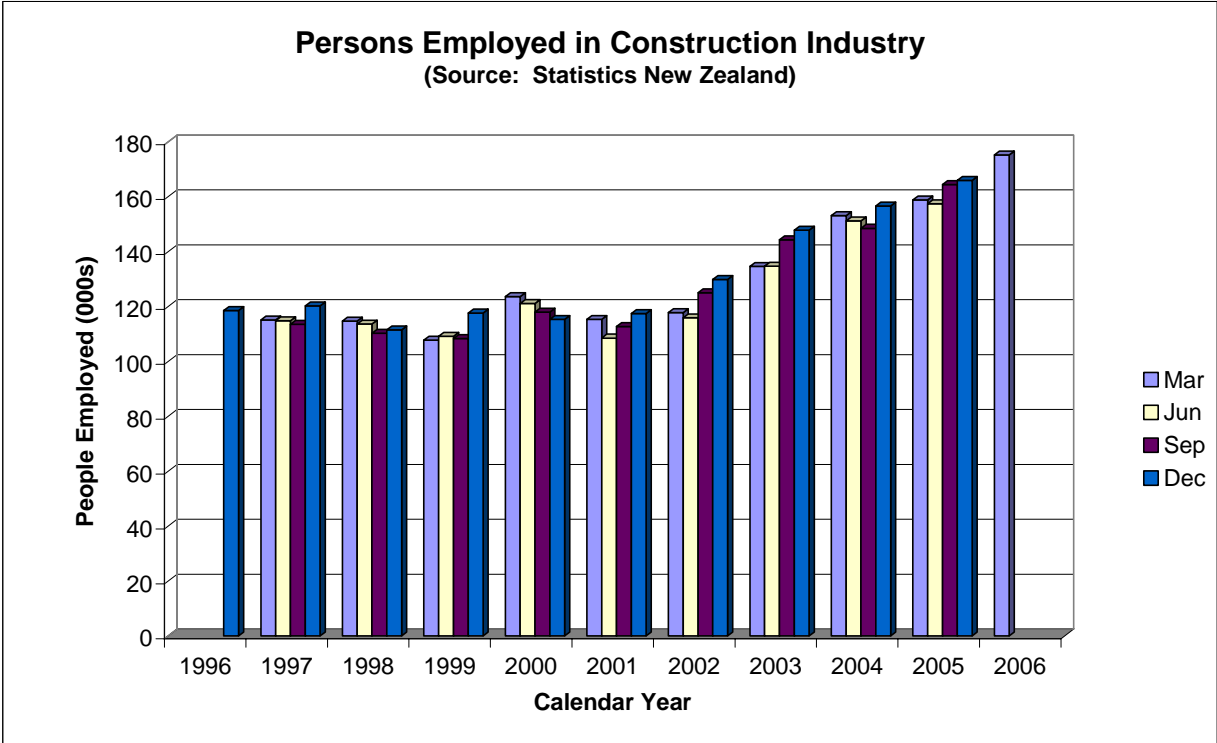


Source: Statistics New Zealand

Labour market

The number of people employed in the construction industry grew significantly to 175,200 in the March 2006 quarter according to Statistics New Zealand’s Household Labour Force Survey. The March 2006 quarter saw a 5.6 percent increase in employment numbers over the previous quarter, compared to a 1 percent increase during the December 2005 quarter. The increase in employment in the construction industry indicates strong ongoing demand in the industry in recent years.

Figure 20: Numbers employed in the construction industry

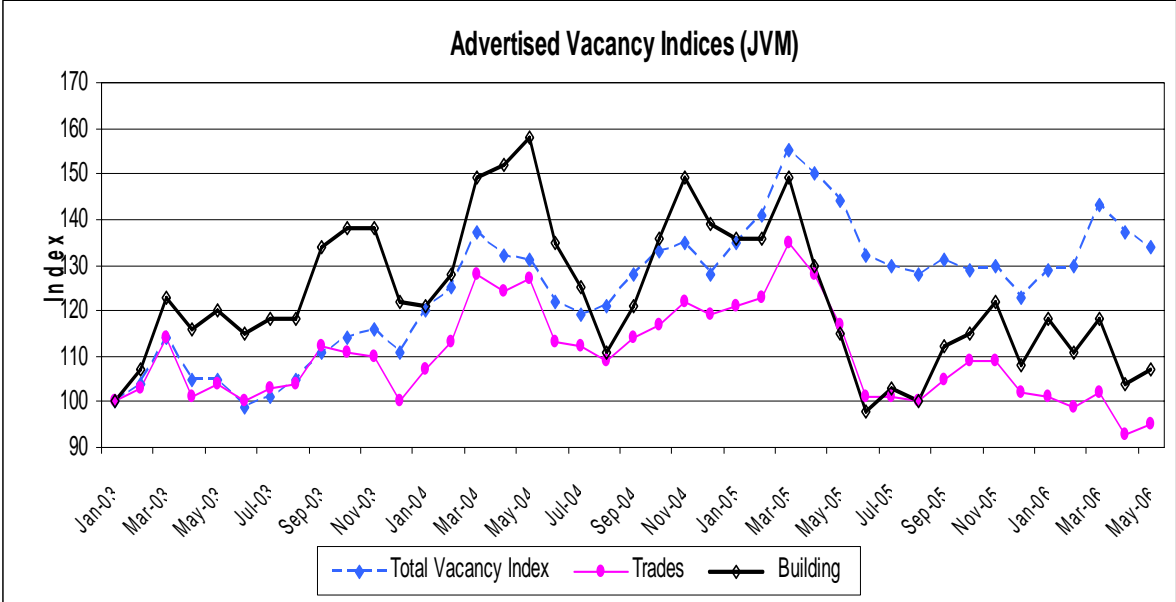


Source: Statistics New Zealand

The Job Vacancy Index from the Department of Labour measures the change in advertised vacancies over time. This index shows that total vacancies declined by 6.9 percent between May 2005 and May 2006.

The Building Trade Vacancy Index (which measures the change in advertised vacancies for building trade occupations over time) declined by 7 percent in the same period. The fall in the number of advertised vacancies for building trade staff indicates recruitment conditions may have eased for employers over this period.

Figure 21: Advertised vacancy indices from the Job Vacancy Monitor



Source: Department of Labour

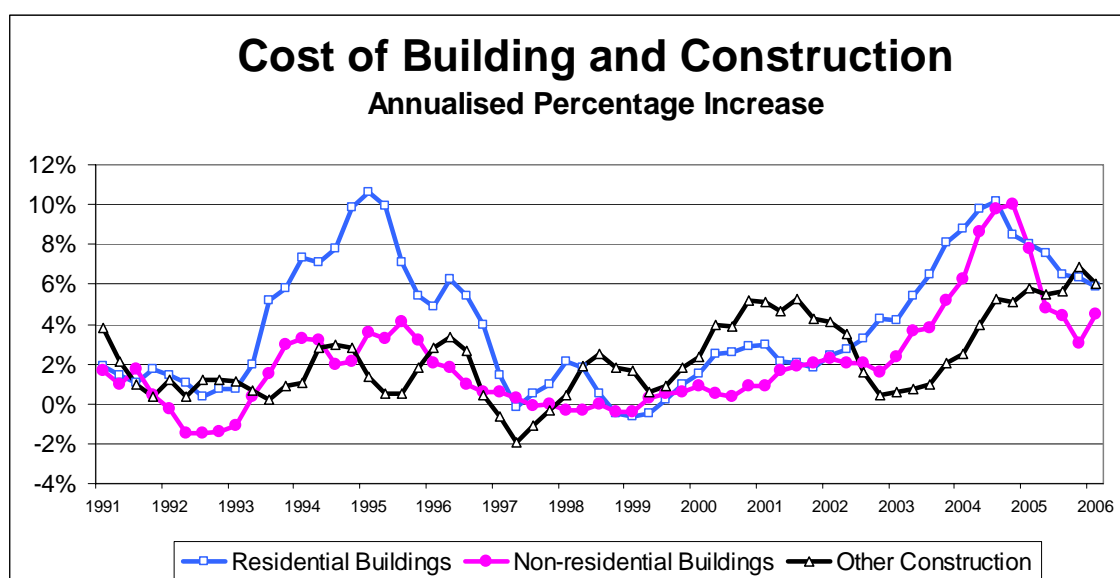
Building costs

Cost inflation slowed in the March 2006 quarter with residential building costs increasing at an annual rate of 5.9 percent, and non-residential buildings at annual rate of 4.5 percent. Costs for other construction (eg, roads and infrastructure) recorded an increase of 6 percent for the March 2006 quarter. These rate increases are faster than changes in general inflation, which increased by over 3 percent in the March 2006 quarter.

Costs of resources used by the construction industry measured by the Producer Price Index from Statistics New Zealand rose by 8.9 percent for the year ended March 2006. Ready-mixed concrete prices increased 4.4 percent while framing timber prices fell 1.7 percent over the same period.

Wage rates and salary rates in the construction industry rose at an annual rate of 4.1 percent in the March 2006 quarter and this is higher than general inflation.

Figure 22: Cost of building and construction (annualised percentage increase)

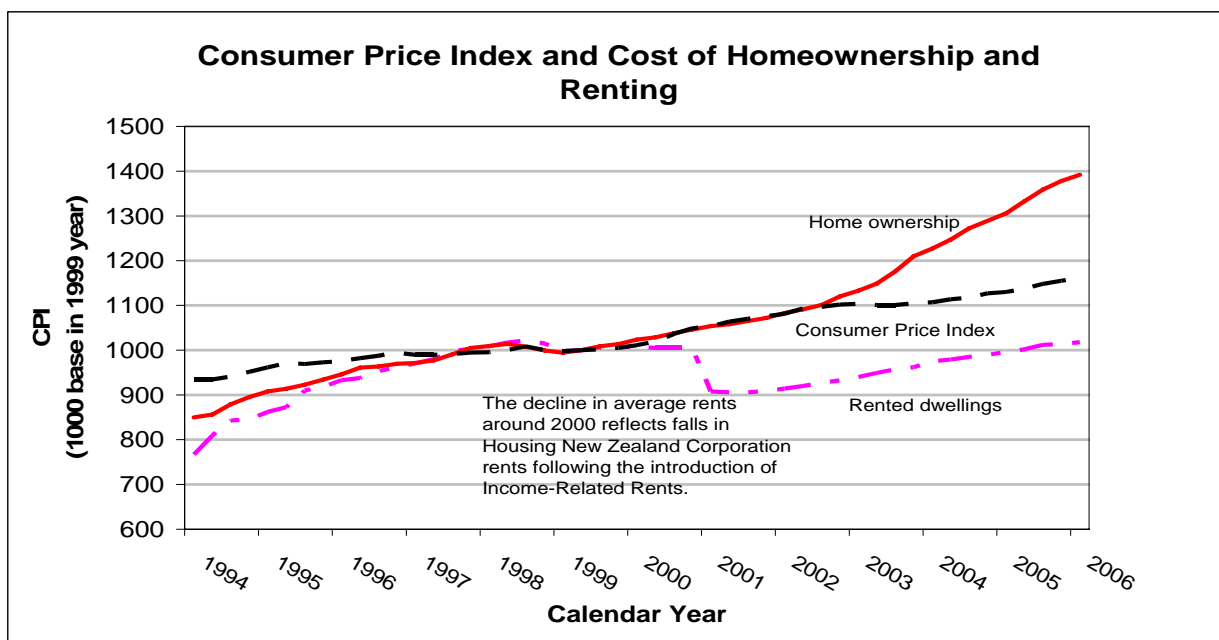


Source: Statistics New Zealand

Renting and homeownership costs

The costs of accommodation continue to increase in the March 2006 quarter. Annual rents rose by 2.2 percent in the March 2006 quarter. This increase in rents is smaller than the December 2005 quarter increase of 2.5 percent. The rise in rental cost is slower than the general inflation rate of 3.3 percent in the March quarter, as measured by the Consumer Price Index. In comparison, the annual cost of homeownership rose by 6.6 percent between the March quarters of 2005 and 2006. The gap between the cost of homeownership and rents continued to widen during the March 2006 quarter.

Figure 23: Consumer Price Index and cost of homeownership and renting



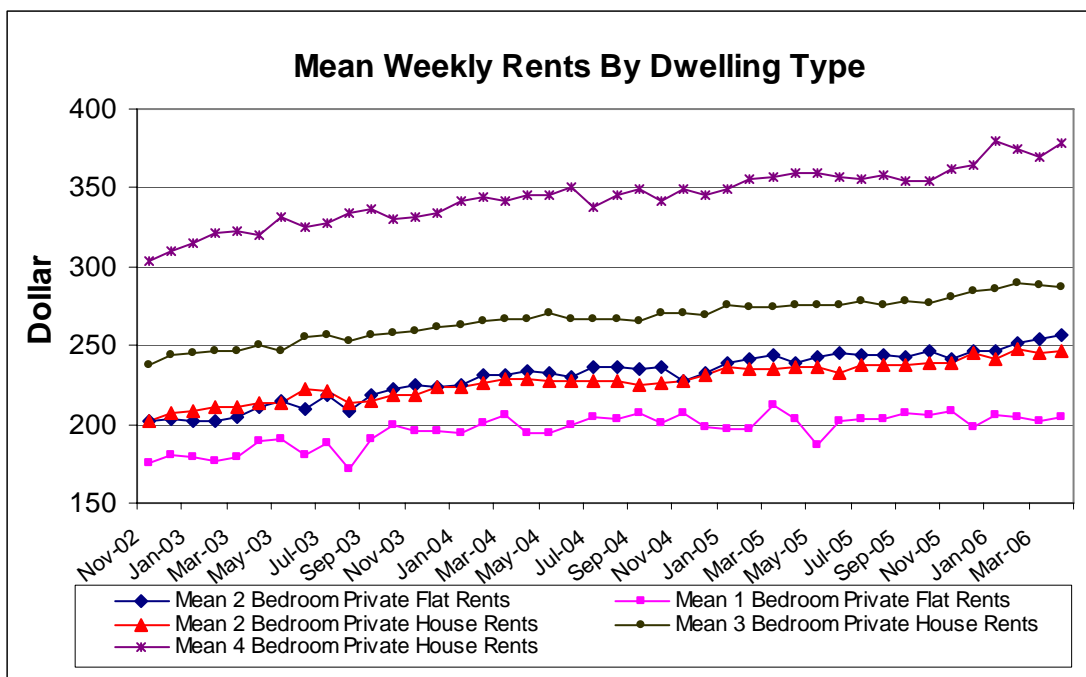
Source: Statistics New Zealand

Cost and volume of renting by dwelling type

Rental information is collected when tenancy bonds are lodged with the Department of Building and Housing. Rents with bonds attached for all dwelling types have risen over the past year, with two-bedroom flats registering the highest increase of 7.5 percent and one-bedroom flats having the smallest increase of 0.5 percent. Rents for one-bedroom flats have been close to stable since late 2003.

Bond data indicates that the countrywide rental for a one-bedroom flat from a private landlord in April 2006 averaged around \$204, a two-bedroom flat \$257, a two-bedroom house \$247, a three-bedroom house \$287 and a four-bedroom house \$378.

Figure 24: Mean weekly rents by dwelling type



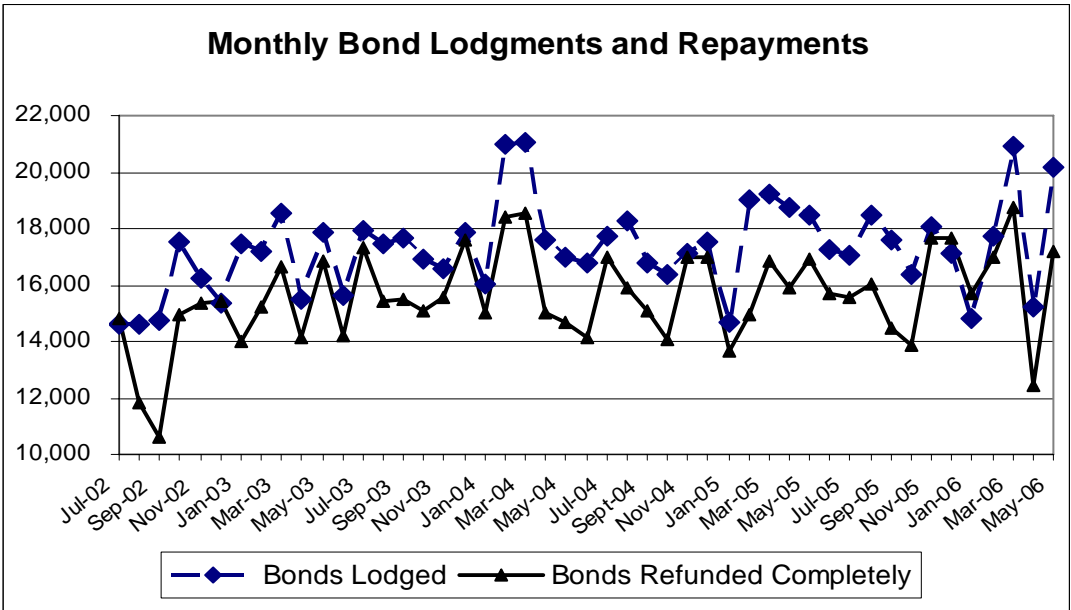
Source: Department of Building and Housing

The number of tenancy bonds lodged and repaid

The proportion of dwellings rented in New Zealand has been rising since 1991 according to the Census of Population and Dwellings. At the 1991 Census, 73.8 percent of households lived in their own dwellings and did not rent. By 2001 this percentage had declined to 67.8 percent. The number of dwellings not owned by those living in them but who make rental payments totalled 359,000 in the 2001 Census. At the same time there were approximately 263,000 active bonds.

The number of bonds being lodged and repaid (Figure 25) would suggest that over the last 3 years this trend towards renting has continued. The number of bonds lodged each month exceeded refunds except at the seasonal low points for lodgements of December and January. The strength of the trend to renting is uncertain, but we note that the difference between the 'bonds lodged' and 'bonds refunded' has been minimal since the end of 2005. It is important to note that the number of bonds lodged will not accurately indicate the number of tenanted dwellings, since some properties have no bond attached or lodged, and some properties have a number of bonds attached.

Figure 25: Monthly bond lodgements and repayments



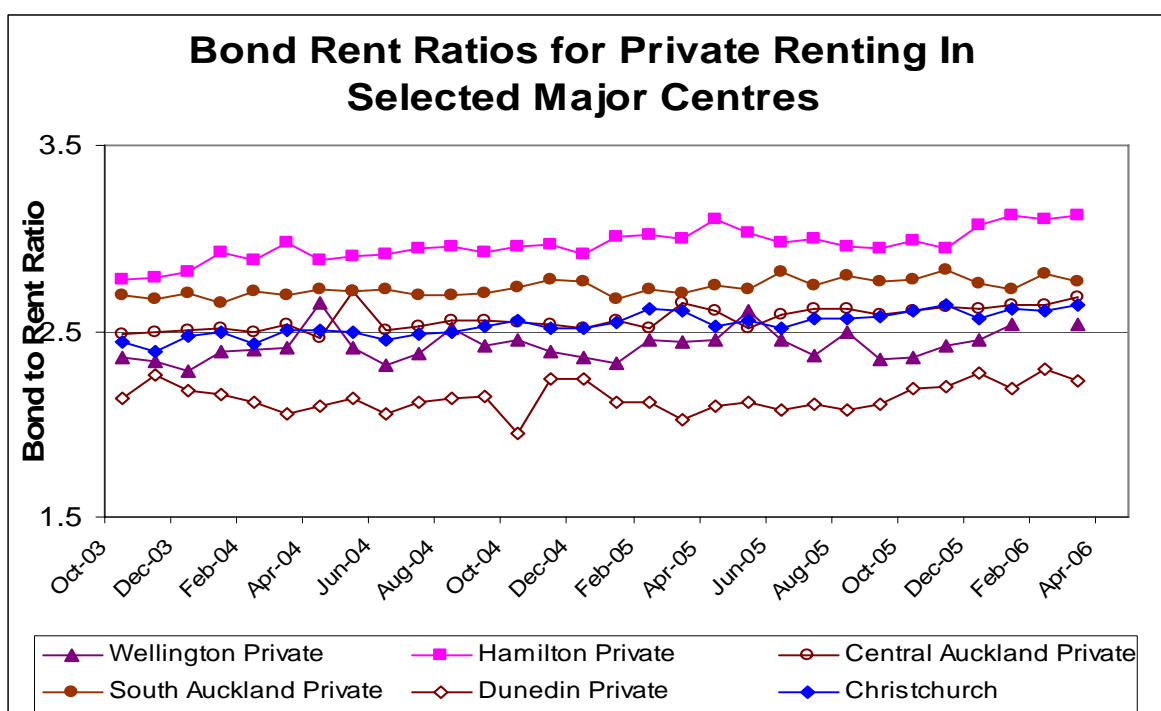
Source: Department of Building and Housing

Bond/rent ratios for types of dwelling and selected major centres

Landlords can legally charge a bond of up to 4 weeks' rent to cover any unpaid rents, damages or claims. Bonds are held by the Department for both the landlord and the tenant. The measure of bond/rent ratio provides relevant information on the rental market, the underlying demand and supply of tenanted properties, and the level of risks landlords perceive exist in relation to their rented properties.

The current bond/rent ratio is 2.7 across major centres (Figure 26). Although bond/rent ratios are increasing over time, different centres have different bond-rent ratios. Hamilton registers the highest bond/rent ratio, and Dunedin the lowest bond/rent ratio currently.

Figure 26: Bond/rent ratios for private renting in selected major centres



Source: Department of Building and Housing

Building quality and performance

Weathertightness issues

The Weathertight Homes Resolution Service (WHRS) was set up by the Government in November 2002 to help homeowners resolve disputes over leaky buildings. The WHRS was transferred into the Department of Building and Housing in July 2005.

The total number of claims reviewed by the WHRS continues to increase with accepted WHRS claims totalling 4194 by the end of March 2006.

The WHRS assigns a WHRS assessor to assess each application. The assessor submits a report on the dwelling involved in the claim both to the claimant and an evaluation panel. Claimants may choose either mediation or adjudication (or both) if the evaluation panel decides the claim is eligible under section 12 of the Weathertight Homes Resolution Services Act.

Profile of accepted WHRS claims

Accepted WHRS claims by territorial authority area

Most claims relate to dwellings in the Auckland region.

Table 2: Accepted WHRS claims by territorial authority area and claim status

Territorial authority	Active claim	Claim not proceeding	WHRs resolution complete	Total	Percentage of total
Auckland City Council	1,311	259	100	1,670	40%
North Shore City Council	350	154	60	564	13%
Wellington City Council	224	83	62	369	9%
Waitakere City Council	293	54	12	359	9%
Christchurch City Council	136	58	46	240	6%
Rodney District Council	96	51	14	161	4%
Tauranga District Council	61	32	43	136	3%
Manukau City Council	63	38	24	125	3%
Hamilton City Council	43	19	14	76	2%
Porirua City Council	18	14	19	51	1%
Others	196	116	131	443	11%
Total	2,791	878	525	4,194	100%

Source: Department of Building and Housing

NOTES:

1. Accepted WHRS claims – Applications that the WHRS considers under section 9(4) of the WHRS Act 2002 are capable of meeting eligibility criteria under section 7 of the Act.
2. Active WHRS claims – Accepted WHRS claims **that may or may not have as yet been decided eligible under section 12 of the WHRS Act 2002** or that have not been resolved or closed by the claimant.
3. Claims not proceeding – Accepted WHRS claims that have been closed by the claimant. The claim may or may not have been decided eligible by an evaluation panel. Reasons include that the claim has been decided ineligible by the WHRS evaluation panel, the property has been sold, the claimant has transferred to the courts, or the claimant has closed their WHRS claim.
4. In future analyses, WHRS claims within the territorial authority of the Banks Peninsula District Council will be captured by the Christchurch City Council in line with their merger in March 2006.
5. In previous publications we have summarised the data into an Auckland region, made up of Auckland CC, Manukau CC, North Shore CC, Rodney DC and Waitakere CC. 2879 or 69% of the total accepted WHRS applications originate from the defined Auckland region as at 31 March 2006.

Accepted WHRS claims by Department of Building and Housing financial year and complex

Claims are restricted to private dwellings, where the dwelling/alteration has been built and/or occupied within the 10 years of application to the WHRS. A 'multi' building refers to a property where more than one WHRS claim and claims in these property types *may* arise.

Table 3: Accepted WHRS claims by Department of Building and Housing financial year of application and property type

Property type	2002/03	2003/04	2004/05	2005/06*	Total
Standalone	469	383	312	224	1,388
From a Multi with 1 Claim	124	76	44	36	280
From a Multi with 2–10 Claims	140	190	125	175	630
From a Multi with 11–20 Claims	63	236	111	62	472
From a Multi with >20 Claims	125	400	563	336	1,424
Total	921	1285	1,155	833	4,194

Source: Department of Building and Housing

NOTES:

1. The Department of Building and Housing financial year is from July to June. 2005/06 figures are for the first 9 months in the year.
2. For statistical purposes, the term 'Multi' means a claim from a property or complex in relation to which multiple claims may arise. For example, it may be a block of apartments or two or more townhouses built on the site with a common developer and/or builder, plumber, etc. The dwellings may or may not have common property and may or may not have a body corporate structure.
3. The split of Multi claims into complex size indicates the volume of claims from large and small multi complexes.
4. Read the second to last row as: in the Department of Building and Housing financial year of 2002/2003, the WHRS accepted 125 Multi claims from complexes that had more than 20 accepted WHRS claims pertaining to that complex. Up until 31 March 2006 the WHRS had accepted 1424 claims or 34% of total accepted WHRS claims from complexes with more than 20 claims.
5. 81% of Multi-type claims are within the Auckland region as defined previously (see Table 2, Note 5).
6. 97% of Multi claims from complexes with more than 20 claims are within the Auckland region as defined previously.

Building Code waivers

Section 67(1) of the Building Act 2004 allows a building consent authority that is a territorial authority to grant an application for a building consent subject to a waiver of the Building Code. This power has traditionally been used infrequently by territorial authorities.

Twenty-five waivers were issued during the March quarter (Table 4). This compares to the long-term average of 30 waivers per quarter.

A specific type of waiver, the C3 Spread of Fire waiver, featured prominently in the March quarter figures, making up 40 percent of total waivers. This is consistent with the past quarter average of approximately 33 percent of total waivers.

In the March quarter, 70 percent of C3 Spread of Fire waivers related to car parks held under individual titles, usually in apartment buildings. In these cases, the Building Code requires a firewall between adjacent parks. Generally, due to impracticality, territorial authorities waive this requirement on the condition that nothing other than a vehicle is stored in the park.

The remaining 15 waivers during the March quarter relate to Building Code clauses B1, B2, E1, F4 and G12 with no trends emerging.

Table 4: Building Code waivers

Territorial authorities	B1 Structure	B2 Durability	C3 Spread of Fire	E1 Surface Water	F4 Safety from Falling	G12 Water Supplies	Total
Auckland	0	0	1	0	0	0	1
Ashburton	0	1	0	0	0	0	1
Buller	2	0	0	0	0	0	2
Clutha	0	0	0	0	0	1	1
Invercargill	0	0	1	0	0	0	1
New Plymouth	0	0	1	0	0	0	1
North Shore	1	0	1	0	0	0	2
Rodney	4	3	0	0	0	0	7
Selwyn	0	0	0	0	1	0	1
Tauranga	1	0	5	1	0	0	7
Wellington	0	0	1	0	0	0	1
Total	8	4	10	1	1	1	25

Source: Department of Building and Housing

The Department continues to monitor building consent authorities' use of Code waivers to determine whether they highlight any problem with the Building Code or other performance issues.

Building Act Determinations

The Building Regulations contain the New Zealand Building Code and the Building Act contains rules about building consents and inspections. The interpretation of the Building Regulations may result in the Department receiving a request to clarify interpretations of the Building Code and territorial authorities functions and powers under the Building Act. The Department will then decide on the request (that is, make a determination) concerning a particular situation. There has been a marked increase in the number of determinations, in particular, determinations concerning cladding and weathertightness. However, the volume of determinations appears to have reduced over the previous year.

Table 5: Building Act Determinations 2003–2006

Calendar year	2003	2004	2005	2006 to mid-June
Cladding/Weathertightness	1	68	144	41
Access and facilities for people with disabilities	5	2	4	2
Fire safety	1	2	8	2
Surface water	2	2	0	3
Swimming pool fencing	1	0	2	2
Structure	0	1	1	0
Interior environment and facilities	0	1	2	1
Land subject to natural hazards	0	1	1	1
Barrier	1	0	3	1
Other (eg, refusal to issue code compliance certificate)	0	0	1	1
Total	11	77	166	54

Source: Department of Building and Housing

Notes:

- 1 'Cladding/Weathertightness' refers to monolithic claddings and other related weathertightness matters.
- 2 'Access and facilities for people with disabilities' include routes, ramps, lifts, toilets etc.
- 3 'Fire safety' determinations include matters such as emergency egress, firecells, alarms, smoke detectors, and messaging to emergency services.
- 4 'Surface water' determinations concern stormwater and surface water run-off from one property to another.
- 5 'Swimming pool fencing' must comply with the Fencing of Swimming Pools Act.
- 6 'Structure' includes structure for safeguarding from injury, loss of amenity and protection of other property.
- 7 'Interior environment and facilities' – this category includes laundering, personal hygiene, and managing internal moisture.
- 8 'Land subject to natural hazards' refers to determinations concerning coastal erosion, and land subject to flooding and instability.
- 9 'Barrier' refer to desk barriers, stair balustrades and the like.
- 10 'Other' includes refusal to issue a building consent or code compliance certificate for procedural reasons other than Building Code compliance.